

**OPINION
60-31**

April 29, 1960(OPINION)

BANKS AND BANKING

RE: Credit Unions - Powers of

This is in reply to your request for an opinion on the following question:

May a state chartered credit union lend money to another state chartered credit union?"

Section 6-0606, North Dakota Revised Code of 1943, in enumerating the "Powers of Credit Unions," lists these powers re loans in the following subsections of this section of the Code.

. . . .

2. To make loans to members for provident or productive purposes;
3. To make loans to a cooperative society or other organization having membership in the credit union;

. . . ." (Underscoring ours).

Section 6-0607, North Dakota Revised Code of 1943, defines membership as follows:

The membership of a credit union shall consist of the incorporators and such other persons as may be elected to membership. Each member must subscribe to and pay the initial installment on at least one share in the credit union and pay the entrance fee. Organizations, incorporated or otherwise, composed principally of the same general group as the credit union membership may be members therein. Credit union membership shall be limited to groups having a common bond of occupation or association or to groups within a well defined rural or urban district."

From the above, it is our opinion that a credit union may lend its funds to another credit union, provided that the borrowing credit union shall be a paid-up member of the lending credit union.

LESLIE R. BURGUM
Attorney General